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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Special Services Fees and Classifications) Docket No. MC96-3

OFFICE OF THE CONSUMER ADVOCATE TRIAL BRIEF
(September 30, 1996)

Today, the Office of the Consumer Advocate (OCA) files rebuttal testimony in Docket No. MC96-3. OCA's rebuttal testimony consists of the testimony of four witnesses: Professor Roger Sherman, and OCA staff members Pamela A. Thompson, James F. Callow and Sheryda C. Collins.

Docket No. MC96-3 is divisible into classification and rate components. The OCA opposes some of the classification proposals, specifically the stamped card classification proposal and the post office box non-resident surcharge. In addition, the OCA opposes the Postal Service's fee increases for return receipt, certified mail and, in part, post office boxes.

The OCA opposes the stamped card classification proposal primarily because it is a fee increase in the guise of a classification change. The non-resident surcharge shares this characteristic plus the Postal Service has not presented



sufficient information to support its contention that non-residents cause extraordinary costs or post office box shortages.

The proposed fee increases represent a departure from the revenue neutral theme underlying reclassification. Witnesses Thompson and Sherman testify that there have been no supervening events since the filing of other reclassification proceedings that warrant significant fee increases for the affected special services. They demonstrate that the proposed selective fee increases are an attempt by the Postal Service to raise revenues unfairly from users of services not in a position to resist the increases.

This leads to the question, Who will be next? Or perhaps one should ask, Who won't be next? The absence of many familiar faces from these proceedings should alert the Commission to the likelihood that certain subclasses will never be the target of selective price adjustments previously deferred. One can only conclude that Docket No. MC96-3 will be the Great Post Office Robbery of 1997. And while Postal Management itself carries out the heavy lifting, the money taken will somehow find its way into the pockets of the mailers who believe they will never be the victims of a similar robbery. The OCA has difficulty with the

proposition that this was a result contemplated by the Postal Reorganization Act.

Synopsis of Testimony

OCA-T-100. OCA witness Sherman, a professor of economics at the University of Virginia and a recognized expert in postal affairs and economics, examines the pricing and classification principles applied by the Postal Service in support of its proposals. He concludes that many of the reasons given by the Postal Service for its proposals are not sound or are unsubstantiated. In some instances, the proposals represent the Postal Service's exploitation of its dominant market position.

OCA-T-200. OCA witness Thompson, a rate and classification specialist, shows how the Postal Service misuses the classification reform framework to target a few special services for price increases. She concludes that the Postal Service has not shown a need to increase net revenues and that the targeting of a few special services for fee increases is unfair and inequitable.

OCA-T-300. OCA witness Callow, a rate and classification specialist, presents an analysis of the post office box classification and fee proposals. He finds that non-resident boxholders do not cause sufficient administrative burdens or post

office box shortages to warrant the imposition of a surcharge on them. He also finds that many of the post office box fee increases proposed by the Postal Service unduly burden certain boxholders with an excessive contribution to institutional costs. His proposed fees provide for a more equitable contribution to institutional costs.

OCA-T-400. OCA Witness Collins, a rate and classification analyst, presents an analysis of certain classification and rate proposals. She finds the rate increases proposed for certified mail and return receipts represent an unjustified raid on users of these services for additional contributions to institutional costs. She finds that the return receipt fee increase is not cost or demand based. Also, the factual underpinnings for the certified mail rate increase are tenuous. This coupled with the adverse impact of the rate increase on certified mail users precludes a certified mail rate increase at this time.

The last two sections of her testimony address the Postal Service's stamped card and insurance proposals. According to witness Collins, the stamped card proposal with its accompanying rate increase for mailers of stamped cards is unnecessary because stamped cards already have a high cost coverage. Finally, she recommends that the Commission direct the Postal Service to

collect indemnification and document reconstruction data to
justify its classification and fee proposals for insured mail.

The net financial effect of the OCA's proposals is shown on
the attachment to this trial brief.

Respectfully submitted,



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OCA Proposed Net Revenue Impact

Description	A TYBR Revenue	B TYBR Cost	TYBR A - B	C TYAR Rev	D TYAR Cost	TYAR C-D	Revenue Compar. C-A	Cost Compar D-B	Net Revenue Compar
Registry	105.6	73.1	32.5	104.1	72.4	31.7	(1.5)	(0.7)	(0.8)
Insured	49.2	34.3	14.9	62.7	42.2	20.4	13.5	8.0	5.5
Certified	318.6	297.8	20.8	318.6	297.8	20.8	-	-	-
Return Receipt	289.1	227.4	61.7	289.1	227.4	61.7	-	-	-
Special Delivery	2.1	1.8	0.3	-	-	-	(2.1)	(1.8)	(0.3)
Impact of S.D. Elimin	-	-	-	1.4	1.0	(0.4)	1.4	1.0	0.4
P.O. Boxes no NRF	528.5	529.4	(0.9)	535.3	535.1	0.2	6.8	5.8	1.0
Stamped Card	-	-	-	-	-	-	-	-	-
Change In Total							18.2	12.3	5.9

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 3.B(3) of the special rules of practice.



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Washington, DC 20268-0001
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